

UNOFFICIAL TRANSLATION

Individual authorisation granted to Post Danmark A/S

1. Scope of the authorisation

Pursuant to Danish Act No. 172 of 26 February 2014, see Act No. 1536 of 21 December 2010 (the Danish Postal Act), Post Danmark A/S ('Post Danmark') is designated as a universal service provider and granted an individual authorisation to perform postal services, and is obliged to provide nationwide distribution of certain postal items (universal service obligation). Post Danmark may also fulfil its universal service obligation through wholly owned subsidiaries.

With respect to the duration of this authorisation etc., please refer to item 12 below.

2. Universal service obligation – nationally and internationally

Post Danmark is obliged to ensure postal distribution on Danish territory of the following domestic items and items from international destinations, the Faroe Islands and Greenland to addressees in Denmark as well as items to international destinations, the Faroe Islands and Greenland:

1. Addressed letters weighing up to 2 kg.
2. Addressed daily papers, weeklies and monthly magazines and the like, journals and addressed items with a uniform, printed content, such as catalogues and brochures, weighing up to 2 kg.
3. Addressed parcels weighing up to 20 kg, including a parcel service with and without delivery.

The universal service obligation includes the clearance of i.a. letter boxes and access points, and the sorting, transport and distribution of the items.

The universal service obligation for items to and from international destinations, the Faroe Islands and Greenland is governed by the Universal Postal Convention and its provisions (the rules of the UPU Convention).

In addition, Post Danmark must offer distribution of letters in Denmark in connection with service by mail in accordance with the rules of the Danish Administration of Justice Act.

The universal service obligation does not comprise addressed parcels to business recipients distributed by Post Danmark under a contract with a business sender. A business recipient or sender means a recipient or sender, as the case may be, which is not a private individual. A private individual is a natural person, primarily acting in a non-work-related capacity.

The minimum and maximum dimensions of the items encompassed by the universal service obligation are the measurements stipulated in the UPU Convention.

In Denmark as well as to and from international destinations, the Faroe Islands and Greenland, it must also be possible to send registered items weighing up to 2 kg and items for the blind weighing up to 7 kg, see Appendix 1, unless otherwise stipulated in the rules of the UPU Convention or other international agreements. It must also be possible to send items with declared value for carriage (insured items) in Denmark and to and from international destinations, the Faroe Islands and Greenland, to the extent so provided by the Postal Directive¹ or international agreements.

2.1. Service requirements

Post Danmark is obliged to distribute the items encompassed by the universal service obligation once a day, a minimum of five working days a week. It must be possible to distribute items to the addresses of all legal and natural persons (according to the national register) in Denmark, but see item 2.3. Post Danmark may refrain from distributing items on 5 June (Constitution Day), 24 December and on single weekdays falling between Sundays/public holidays and official non-working days (bridging days). Every year, Post Danmark will submit its proposal for bridging days in the next calendar year for approval by the Danish Transport and Construction Agency.

The service requirement for domestic ordinary letters is that they must be distributed no later than 5 weekdays after being posted.

In addition to being sent as ordinary letters with a service requirement of 5 weekdays for incoming items, there must also be an express option for items to and from other EU/EEA countries².

Parcels which the sender has chosen to send without delivery may be made available for collection at a self-service point or at the nearest access point. In case of capacity constraints, parcels may be made available for collection at another self-service point or at another access point in the vicinity.

For domestic addressed parcels, the service requirement is overnight distribution as a minimum Monday to Friday between all towns, except to the island of Bornholm where an extra day should be expected.

Post Danmark determines the service requirements for domestic business letters and addressed daily papers, weeklies and monthly magazines and the like, journals and addressed items with a uniform, printed content, such as catalogues and brochures, as well as for express items from EU/EEA countries.

2.2. Quality requirements and quality measurement

The quality requirement for domestic letters and parcels encompassed by the universal service obligation is that 93% of the items must be distributed in accordance with the service requirement.

The quality is calculated in accordance with Appendix 2.

¹ Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality, as amended by Directive No. 2002/39/EC of 10 June 2002 and Directive No. 2008/6/EC of 20 February 2008.

² Member states of the European Union/the European Economic Area.

The quality target for cross-border express items within the European Union is that 85% of the items are delivered no later than 3 weekdays after posting, and that 97% of the items are delivered no later than 5 weekdays after posting.

According to the CEN standards DS/EN 14508 and DS/EN 14534, an independent research institute will carry out periodic representative quality measurements of domestic letters encompassed by the universal service obligation. Post Danmark pays the costs associated with these measurements. The Transport and Construction Agency must approve the independent research institute in connection with the conclusion of the contract.

Every month, Post Danmark submits the results of the measurements to the Transport and Construction Agency. Every quarter, Post Danmark publishes the results of the measurements on its website.

In connection with the monthly reporting, Post Danmark notifies the Transport and Construction Agency of any instances of force majeure.

Examples of force majeure are listed in Appendix 2.

If Post Danmark does not meet the quality requirement of 93% for domestic letters encompassed by the universal service obligation, calculated collectively for a full calendar year, a penalty may be imposed on Post Danmark in accordance with Appendix 3.

In addition, Post Danmark lays down quality requirements for the distribution of addressed daily papers, weeklies and monthly magazines and the like, journals and addressed items with a uniform, printed content, such as catalogues and brochures. Post Danmark carries out measurements of the quality based on the quality requirements laid down. Post Danmark also measures the quality of addressed parcels. Post Danmark submits monthly reports in this regard to the Transport and Construction Agency.

2.3. Limitations of the universal service obligation

The Transport and Construction Agency may impose limitations on deliveries to certain recipients or groups of recipients, including deliveries to recipients who have been granted an exemption permitting them to have their mail delivered at their front door, see item 11.1, in rural districts in case of:

1. special remote or inaccessible places;
2. island communities not connected to the mainland via regular ferry or boat service, or for
3. parcels in case of special circumstances.

In these cases, the universal service obligation will be regarded as having been fulfilled when the item has been delivered for collection at the nearest access point or placed at a special self-service point.

Post Danmark's universal service obligation in relation to island communities is performed in accordance with the following principles:

- For islands with no permanent residents, items must be collected on the mainland by the recipient. No payment is made in this regard.
- For islands with 1-10 permanent households, items are delivered on the mainland for collection by the islanders themselves. A payment per household of DKK 3,462 per year (2016 level) applies, payable in arrears at the start of the

subsequent year. The amount is subject to adjustment according to the development in the consumer price index.

- For islands with 11-1,000 permanent households, items are distributed to the island – provided that there is public ferry service to the island – and a specific distribution scheme is established either by Post Danmark, or by means of one or more residents or others who have entered into such an agreement with Post Danmark, or a letter box cluster is placed at the ferry berth on the island.

Permanent residents mean all-year residents registered in the national register as residing on the island.

If an island has more than 1,000 permanent households – and a public ferry service – items are transported to the island and distributed by Post Danmark in the same way as in the rest of Denmark.

For islands with 1-10 permanent households and with a daily public ferry service, items may be delivered to a letter box cluster placed at the ferry berth on the island provided that:

- The permanent residents on the island wish to have the items sailed to the island.
- The letter box cluster is paid by the residents.
- The payment of DKK 3,462 per year (2016 level) per household for the collection of postal items on the mainland does not apply if the items are delivered to the island.
- Post Danmark's total cost of delivering the items to the island does not exceed the payment which the permanent households would receive if they collected the items from the mainland (i.e. Post Danmark's maximum cost is the number of households times DKK 3,462 per year (2016 level)).

3. Tariffs for domestic and international destinations

The tariffs are determined by Post Danmark. The tariffs for items encompassed by the universal service obligation must be cost-oriented, transparent and non-discriminatory.

Domestic single-piece items must be distributed at nationwide uniform tariffs. Single-piece items mean stamped letters encompassed by the universal service obligation and parcels encompassed by the universal service obligation posted occasionally and/or in small numbers and which are not covered by a contract with Post Danmark.

If the universal service provider applies special tariffs, for example for services for businesses, bulk mailers or consolidators of mail from different users, it shall apply the principles of transparency and non-discrimination with regard both to the tariffs and to the associated conditions. The tariffs, together with the associated conditions, shall apply equally both as between different third parties and as between third parties and universal service providers supplying equivalent services. Any such tariffs shall also be available to users, in particular individual users and small and medium-sized enterprises, who post under similar conditions.

The Transport and Construction Agency approves the tariffs for domestic ordinary letters weighing up to 50 g which are sent as single-piece items.

Items for the blind are distributed postage-free, see Appendix 1.

The tariffs for items encompassed by the universal service obligation must be made available to the public, and any tariff changes will be made available to the public no

less than 1 month before they enter into force. However, the tariff for domestic ordinary letters weighing up to 50 g sent as single-piece items will be made available to the public no less than 3 months before they enter into force.

4. Items from international destinations

The tariffs for distributing items from international destinations encompassed by the universal service obligation are determined based on multilateral or bilateral agreements between Post Danmark and international postal operators or based on the terminal dues applicable according to the rules of the UPU Convention, but see below.

The tariffs for items from another EU/EEA country encompassed by the universal service obligation are determined through multilateral or bilateral agreements, if the terminal dues applicable according to the rules of the UPU Convention do not cover the costs associated with Post Danmark's handling and distribution of such items. If a postal operator in another EU/EEA country refuses to pay the tariff determined by Post Danmark for express items, Post Danmark may treat arriving priority items from such EU/EEA country as ordinary domestic letters.

5. Letter boxes etc.

Post Danmark must offer users a nationwide network of red letter boxes for the collection of ordinary letters. Post Danmark may place letter boxes along streets, roads or at other places with public access.

It must be clear to users that it is a letter box from Post Danmark.

Information about collection times and what items may be posted in the letter box must appear.

Post Danmark may also establish mail storage boxes and similar devices or systems along streets, roads or at other places with a view to distribution of items.

Post Danmark obtains permission for the installation or the establishment of the specific letter boxes, mail storage boxes, self-service points etc. from municipalities, landowners etc.

6. Network of postal access points

Post Danmark is required to establish a nationwide network of access points.

The location of the access points must be determined by the needs of customers, i.e. based on an assessment of places typically frequented by customers, e.g. supermarkets, grocery stores and other retail shops.

Similarly, access points offering a full range of services will be located where there is a demand for all the postal services encompassed by the universal service obligation. An additional number of access points offering a full range of services will be located in such a way as to ensure geographical coverage.

On islands without a fixed link which are independent municipalities and on the islands of Fur, Anholt, Orø, Sejero and Fejø, access points offering a full range of services will be maintained, provided that it is possible to find suitable partners. On the other islands, Post Danmark is required to maintain existing access points in the form of postal shops. This obligation applies unless it is impossible to maintain the access

point due to a manifestly unreasonably small number of transactions, or if it is no longer possible to find a suitable partner on the island.

If Post Danmark wishes to close down an access point on an island, the local stakeholders will be consulted before a decision is made to close down the access point.

To the extent that Post Danmark has an agreement with a bank, Post Danmark will carry out financial services at the access points and on the terms agreed with the bank.

Post Danmark will once a year report to the Transport and Construction Agency on the development so far and the expected development of the network of access points.

7. Complaints and compensation

Post Danmark must consider complaints from citizens and businesses etc. concerning the postal services encompassed by the universal service obligation. Post Danmark provides guidance on the complaints procedure to complainants.

The Transport and Construction Agency only considers complaints that have already been submitted to and considered by Post Danmark.

Post Danmark prepares an annual statement detailing the number of complaints received concerning services encompassed by the universal service obligation and their outcome. The report is published on Post Danmark's website.

Post Danmark pays compensation for the delay or loss of or damage to domestic items encompassed by the universal service obligation, if such delay, loss or damage is caused intentionally or by negligence on the part of Post Danmark.

Post Danmark may limit its liability in such a way that no compensation is paid for the delay or loss of or damage to ordinary letters and addressed catalogues etc.

For registered items and addressed parcels, Post Danmark may limit its liability by defining maximum compensatory amounts for loss of or damage to items or batches of items. Any maximum compensatory amounts so defined must be reasonable. Compensation will only be paid in the amount of the value of the lost item or the reduction in value caused by the damage to the item.

If items with declared value for carriage (insured items) are damaged or lost, the maximum compensation is the insured value. The declared value may not exceed the value of the contents.

In the event of the delayed delivery of registered items, insured items or addressed parcels, the maximum compensation is an amount corresponding to the price of sending the item.

Post Danmark accepts no liability for damage if the sender has not complied with the requirements set out in Post Danmark's terms of business regarding the packaging of items or contents permitted.

Post Danmark must publish its conditions for paying compensation, including complaints and limitation rules, scope of the compensation and compensatory amounts for delay or loss of or damage to domestic items encompassed by the universal service obligation.

For items to and from international destinations and to and from the Faroe Islands and Greenland, compensation is paid according to the rules in the UPU Convention or any agreements concluded with the relevant postal operators.

8. Terms of business

Post Danmark prepares general terms of business for the postal services encompassed by the universal service obligation. The terms of business must include a description of the general terms governing access to postal services, service and quality requirements, rules governing posting and delivery as well as compensation terms.

The terms of business must be available on Post Danmark's website. A paper copy may, upon request, be obtained at the access points or be forwarded to any person making such request.

9. Recipients database and access to information

Post Danmark may use a recipients database.

For the purpose of updating the recipients database, relevant information in electronic form may be obtained from the Civil Registration System (CPR) according to the rules set out in Part 10 of the Danish Act on the Civil Registration System, the Central Business Register (CVR) and the Buildings and Dwellings Register (BBR). Furthermore, Post Danmark may obtain information from the Civil Registration System about named newborns and people who have entered Denmark, having a permanent address here.

Personally identifiable data delivered to the database from public registers may only be used by Post Danmark in connection with the distribution of items for others.

Against payment and on transparent, non-discriminatory and cost-based terms, Post Danmark must provide other postal operators within their geographical coverage with access to information (extraction of basic information) concerning:

- 1 Addresses, including newborns and people who have entered Denmark;
- 2 Addresses with a view to the re-direction of mail in case of temporary transfer of place of residence;
- 3 Addresses for the purpose of delivery of mail to a new address or PO box;
- 4 Addresses of individuals entitled to delivery of addressed items directly at their place of residence, and
- 5 Addresses of recipients who have opted out of receiving unaddressed mail and items with an address but not a name.

Information concerning the re-direction of mail in case of a change of address and delivery of mail to a new address or PO box may not be provided if the recipient has requested that no such information be disclosed.

On similar terms as postal operators, distributors may obtain information about mail recipients who do not wish to receive unaddressed mail and items with an address but not a name.

10. Competition and accounting

The Danish Competition Act applies to Post Danmark.

The Transport and Construction Agency will, following a discussion with Post Danmark, lay down accounting regulations for Post Danmark to ensure that Post Danmark complies with the accounting provisions set out in Articles 14 and 15 of the Postal Directive. Prior to the financial reporting, a state-authorised public accountant must submit a statement to the effect that the accounting provisions have been complied with.

The Transport and Construction Agency may ask the Competition Council to issue an opinion as to whether the accounting provisions have been complied with.

Upon request, Post Danmark makes any information about the systems and data included in the accounting regulations available on a confidential basis to the Transport and Construction Agency, the Competition and Consumer Authority and the European Commission.

11. Other terms of Post Danmark

11.1. Delivery of mail to the front door

Recipients who are unable to collect their mail from the letter box or letter box cluster are entitled to have addressed items delivered directly to the front door of their home (their registered address), provided that the municipality has made a decision to that effect. The municipality will notify Post Danmark of any such decision.

The scheme is administered by Post Danmark. Furthermore, reference is made to the guidelines applicable from time to time prepared by the Transport and Construction Agency on delivery of mail to the front door. The guidelines are published on the Transport and Construction Agency's website.

11.2. The crowned post horn and the Royal monogram

Post Danmark is required to use the crowned post horn to mark its universal service obligation. The crowned post horn may only be used in the context of Post Danmark's postal services and related activities.

This provision does not limit the use of the crowned post horn as it is used today in connection with Post Danmark's activities, for example in connection with the use of the production facilities for products that are encompassed by the universal service obligation as well as products that are not encompassed by the universal service obligation.

Post Danmark's use of the King's or Queen's monogram requires the Crown's permission.

11.3. Issue of postage stamps

Post Danmark is obliged to issue stamps, which must bear the country name "Danmark".

11.4. Postcode system

Post Danmark maintains the public postcode system for the purpose of the national postal services and to ensure the geographical uniqueness of street names and addresses.

Any changes to the postcode system are subject to approval by the Transport and Construction Agency. Approval may be denied if the proposed change means that a street name or address is no longer geographically unique within a given postcode, or if the change will result in significant administrative costs for the business sector or the public authorities.

The 23 small islands listed in Appendix 4, which currently do not have their own postcode, are, if they so desire, entitled to receive a separate postcode for the island subject to 6 months' notice to the end of any month.

11.5. Compliance with international agreements

Post Danmark must comply with obligations under binding decisions made by the UPU and other agreements entered into by the Danish State in relation to the UPU as well as agreements entered into in other relevant international organisations of an intergovernmental nature.

Post Danmark must comply with mandatory standards in the postal services sector adopted by the European Union or the UPU.

11.6. Postal services in extraordinary circumstances

Post Danmark carries out the planning work and takes the measures which from time to time may be needed to maintain the postal services in extraordinary circumstances. Post Danmark forwards its emergency response plan upon request.

12. Duration of the individual authorisation, supervision, penalty, punishment etc.

This individual authorisation is valid from 1 July 2016 to 31 December 2019. However, up until 31 August 2016, Post Danmark, is obliged to continue to provide domestic priority letter services to customers who have entered into a contract to this effect. Post Danmark must respect any changes to the authorisation following from legislation, from provisions laid down pursuant to legislation or from binding decisions of the European Union. Changes may be made with a notice of three months. Concurrently with the issuing of this authorisation, the individual authorisation of 27 February 2014 lapses.

The Transport and Construction Agency monitors compliance with the provisions of this authorisation.

The Transport and Construction Agency's decisions cannot be appealed to any other administrative authority. The Transport and Construction Agency's decisions may, however, be brought before the courts.

Post Danmark must, upon request, submit any information about the area covered by the universal service obligation to the Transport and Construction Agency. The Transport and Construction Agency treats information received of a commercial nature as confidential.

In case of failure to meet the quality requirements, a penalty may be imposed on Post Danmark. The detailed rules on the payment of penalties appear from Appendix 3.

Reference is made to the general penalty provisions of the Danish Postal Act, according to which any person who violates Section 6(1), Section 7(1) and (2), Section 9(1), Section 11, Section 12, Section 13(3)-(5), Section 19 and Section 24 will be punished by a fine unless a more severe penalty applies under other legislation.

This authorisation will be published on the Transport and Construction Agency and Post Danmark's websites.

Copenhagen, 30 May 2016

Keld Ludvigsen
Deputy Director

Appendix 1

Rules governing items for the blind

Definition

Items for the blind are addressed items which only contain communication material for use by the blind. Blindness means a residual eyesight equalling 6/60 or less.

Items for the blind may contain the following:

- embossed printing or Braille, including letters and blocks, for use by the blind
- paper for use for the production of Braille sent from or to NOTA or the Assistive Aids Centre for the Blind and Partially Sighted
- material with sound recordings intended solely for use by the blind, and which is sent from or to NOTA or institutions and organisations for the blind
- cassette tapes or digitised material exchanged between the blind or sent as private correspondence from blind persons to the sighted
- magazines, journals and books recorded on cassette tapes, CD-ROM etc., which are to be sent back to the publisher. The publisher must be either NOTA, the Institute for the Blind and Partially Sighted in Hellerup, Synscenter Refnæs in Kalundborg, the Danish Association of the Blind and its subdivisions, Kristeligt arbejde blandt blinde (KABB) and Kristeligt Lydbibliotek.

Weight and dimensions

Items for the blind must be within the following weight limits and measurements:

Weight: Maximum: up to and including 7 kg.

Format:

Minimum: 14 x 9 cm.

Roll or tube: Length 10 cm and length + 2 x diameter/height = 17 cm.

Maximum: Length: 60 cm and length + width + height = 90 cm.

Roll or tube: Length 90 cm and length + 2 x diameter and height = 104 cm.

Tariff

Items for the blind may be sent postage-free as ordinary letters to domestic and international destinations, the Faroe Islands and Greenland, unless otherwise provided in the UPU Convention or other international agreements.

Items for the blind may only be sent postage-free if the relationship between the sender and the recipient is non-commercial.

Labelling and depositing

Items for the blind must be labelled using a special label available from the post office.

Items for the blind may be deposited at the post office, in a letter box or in rural areas given to the postman according to the same rules as apply to ordinary letters.

Items for the blind to international destinations must be sent in packaging that ensures good protection of the contents, and which, at the same time, allows for quick and easy examination of the items.

Compensation

The rules governing compensation for addressed letters apply to items for the blind.

Appendix 2

Quality measurements of domestic letters by CEN standards

Quality requirements

The quality requirement for domestic letters encompassed by the universal service obligation is that 93% of the items must be distributed in accordance with the service requirement.

Service requirements

The service requirement for domestic ordinary letters is that they must be distributed within 5 weekdays.

Post Danmark determines the service requirement for business letters.

CEN standards

The measurements are carried out based on the following standards of the European Committee for Standardisation:

- DS/EN 14508: Postal services – Quality of service – Measurement of the transit time of end-to-end services for single-piece non-priority mail and second-class mail.
- DS/EN 14534: Postal services – Quality of service – Measurement of the transit time of end-to-end services for bulk mail.

Independent research institute

In accordance with these standards, an independent research institute, to which the task has been outsourced, will carry out periodic, representative quality measurements relating to compliance with the established service requirements for domestic addressed letters encompassed by the universal service obligation. The research institute must be approved by the Transport and Construction Agency.

Force majeure

In the event of force majeure, any test letters are not included in the quality measurements.

Examples of force majeure include:

- Power failure
- Full or partial closing of (parts of) Denmark due to extreme weather, e.g. snow storm
- Closing of the bridges across the Great Belt and the Little Belt or the Farø Bridges, e.g. due to storm or accident.

Post Danmark will notify the Transport and Construction Agency of any cases of force majeure in connection with the monthly reporting. The Transport and Construction Agency may demand that Post Danmark document that an extreme situation existed. For instance, this could be done in the form of documentation from the Danish Mete-

orological Institute of extreme weather in the whole of Denmark or in certain geographical areas.

Reporting and publication

Every month, Post Danmark submits the results of the measurements for domestic letters encompassed by the universal service obligation to the Transport and Construction Agency. The results of the measurements are published quarterly on Post Danmark's website.

Post Danmark pays the costs associated with these measurements.

For use in the assessment of whether the annual quality requirement has been met, Post Danmark once a year, by 1 February, reports on the on-time delivery of letters encompassed by the universal service obligation, disregarding any cases of force majeure.

Appendix 3

Rules governing penalties

In accordance with Section 15(5)(ii) of the Danish Postal Act, detailed rules may be laid down governing the payment of a penalty in case the quality requirements are not met.

If Post Danmark fails to meet the quality requirement of 93% for domestic letters encompassed by the universal service obligation, calculated collectively for a full calendar year, a penalty may be imposed on Post Danmark. The assessment of whether Post Danmark has met the quality requirement of 93% will factor in the statistical uncertainty. The calculated quality must therefore be below 92.5%, before a penalty is imposed on Post Danmark. Test letters that are covered by force majeure are not included in the calculation of the quality.

The intention is for the penalty arrangement to act as an incentive to meet the quality requirement. At the same time, proportionality must exist between the deviation and the amount of the penalty. Post Danmark will not receive any reward in case of overaccomplishment.

A penalty may be imposed according to the table below, if the quality requirement calculated collectively for ordinary letters and business letters is not met in a calendar year :

Quality requirements	On-time deliveries on an annual basis	Penalty (DKK)
93%	92.4-92	250,000
93%	92.0-91.5	500,000
93%	91.5-91	1.5 million
93%	91.0-90.5	2.0 million
93%	90.5-90	3.5 million
93%	90.0 or less	5.0 million

Any penalty will be imposed on 1 March, to be paid by 1 June.

Appendix 4

Islands entitled to a separate postcode

The following islands are entitled, upon request, to receive a separate postcode for the island subject to 6 months' notice to the end of any month:

Aarø	Mandø
Agersø	Nekselø
Askø (including Lilleø)	Omø
Avernakø	Orø
Baagø	Skarø
Barsø	Strynø
Birkholm	Tunø
Bjørnø	Venø
Drejø	
Egholm	
Endelave	
Femø	
Hjarnø	
Hjortø	
Lyø	